

Component	Current Rule	Negotiated Rule	Proposed Rule
1. AEL/PEL	Based on FY 2003 actual data collected via the 52723 Operating Subsidy form.	Based on Harvard Cost Study PEL (FY 2000) dollars and inflated to FY 2003 using inflation factors based on the recommendations of the Negotiated Rulemaking Committee.	Based on Harvard Cost Study PEL (FY 2000) dollars and inflated to FY 2003 using Current Rule inflation factors.
2. <u>Harvard Coefficients 1-9.</u> Property Size, Property Age, Unit Size, Building Type, Occupancy Type (e.g. detached, townhouse, high-rise), Location of the Property (e.g. rural, metropolitan, city central), Neighborhood Poverty Rate, Percent Assisted and the Geographic coefficient.	Not applicable.	Based on Harvard Cost Study.	Based on Harvard Cost Study.
3. Coefficient #10 – Nonprofit coefficient.	Not applicable.	Set at 10%.	Set at 4%.
4. Other PEL Changes: a. Limit loss to \$325 PUM. b. \$2 PUM Public Entity Fee. c. Audit as Add-on; reduce PEL. d. Removal of Annual Age Factor.	Not applicable.	a. <u>Limit Loss to \$325 PUM.</u> For properties whose PEL falls below \$325 after 4% reduction, limit the reduction to \$325. b. <u>\$2 PUM Public Entity Fee.</u> Calculated as \$2 PUM x Number of Unit Months Available (UMA) for all PHAs based on FY 2003 data. c. <u>Audit as Add-on; reduce PEL.</u> Audit costs are maintained as add-on; based on FY 2003 data. PEL was commensurately reduced.	Same as Negotiated Rule for (a) and (c), deleted (b) -- \$2PUM Public Entity Fee.
5. Formula Income	Data is from FY 2003 actual 52723 data and includes rental income and other income.	Rental income is based on FY 2003 FASS-PH rental income data to be frozen at FY 2004 levels for FY 2006, FY 2007, and FY 2008.	Same as Negotiated Rule.

Component	Current Rule	Negotiated Rule	Proposed Rule
6. Transition Policy	Not applicable.	For Decliners, Reductions limited to: Year 1: 24%, Year 2: 43%, Year 3: 62%, Year 4: 81%, and Year 5: 100%. For Gainers, two-year transition with increases limited to: Year 1: 50%, and Year 2: 100%.	For Decliners, same as Negotiated Rule. For Gainers, Increases limited to: Year 1: 20%, Year 2: 40%, Year 3: 60%, Year 4: 100%, and Year 5: 100%.
7. Unit Months Available	Subsidize all units regardless of use. Subsidies vary from 100% to 20% with some categories subject to phase-out over a period of years.	Subsidize all units; time-limit some categories (e.g., units vacant due to local market conditions).	Eliminate funding for up to 3% vacancy.
8. Utilities.	Based on FY 2003 data.	Based on FY 2003 data.	Based on FY 2003 data.
9. Add-ons.	Based on FY 2003 data and includes the following add-ons: 1. FICA 2. Unemployment Insurance 3. Energy Loan Amortization 4. Unit reconfigurations 5. Non-dwelling units 6. Long term vacant units 7. Phase down for demolition 8. Resident participation 9. Other approved funding 10. Audit 11. Deprogrammed Units	Where applicable, based on FY 2003 data and includes the following add-ons <u>outside</u> the PEL: 1. Self-sufficiency 2. Energy loan amortization. 3. PILOT 4. Audits 5. Resident participation 6. Asset management fee 7. Information technology fee 8. Asset repositioning fee 9. Other approved funding	Where applicable, based on FY 2003 data and includes the following add-ons <u>outside</u> the PEL: 1. Self-sufficiency 2. Energy loan amortization. 3. PILOT 4. Audits 5. Resident participation 6. Asset management fee 7. Information technology fee 8. Asset repositioning fee 9. Adjustment for certain PHAs (i.e., special add-on) 10. Other approved funding

Calculation of Add-Ons.

1. FICA Contributions. Current rule based on FY 2003 data. Add-on Eliminated under negotiated an proposed rule
2. Unemployment Compensation. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rule
3. Self-Sufficiency. Based on FY 2003 data.
4. Energy Add on for Loan Amortization. Based on FY 2003 data.

5. Unit reconfigurations. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rule.
6. Non-dwelling units approved for subsidy. Current rule based on FY 2003 data. Funding mechanism switched to a function of eligible unit months under the negotiated and proposed rules.
7. Long-term vacancies. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rules.
8. Phase down for demolition. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rules.
9. Resident participation as add-on; PEL not reduced. Resident participation is retained as add-on; based on FY 2003 data.
10. Other approved funding. Based on FY 2003 data.
11. Deprogrammed units. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rules.
12. Transition funding. Current rule based on FY 2003 data. Add-on Eliminated under negotiated and proposed rules.
13. Audit. Based on FY 2003 data.
14. Audit-only PHAs. PHAs which only receive Operating Subsidy for audit costs; based on FY 2003 data.
15. Payment in Lieu of Taxes. Based on FY 2003 data, PILOT is calculated as 10 percent of rent less utilities.
16. \$2 PUM Information Technology fee. Calculated as \$2 PUM x UMA for all PHAs based on FY 2003 data.
17. Asset Management fee. For PHAs with less than 250 units (size categories 1-2): Calculated as \$ 2 PUM x UMAs. For PHAs with greater than 250 units (size categories 3-6): Calculated as \$ 4 PUM x Number of Units
18. Asset Repositioning fee. Based on FY 2003 data, calculated as the sum of Deprogrammed Units and Phase-down funding.

Note: The Current formula funded the costs of deprogrammed units, long-term vacant units and phase-down for demolition costs, however under the Negotiated and Proposed Rule formulas, these add-ons will not be funded.